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S E C R E T SECTION 01 OF 02 CAIRO 001340

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DEPARTMENT FOR NEA/ELA AND NEA/IPA NSC FOR PASCUAL

E.O. 12958: DECL: 06/26/2018 TAGS: <u>PARM PREL KPAL IS EG</u>

SUBJECT: GAZA BORDER CALM, NO CLEAR WAY FORWARD ON OPENING RAFAH

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REF: A. CAIRO 1110 \_\_B. CAIRO 738 \_\_C. CAIRO 561

Classified By: Ambassador Margaret Scobey for reason 1.4 (b).

- $\underline{\mbox{1}}\mbox{1}.$  (S) Summary: LAWIO Chief MG Nagy told us June 25 that the Gaza border is calm, and that the GOE has recently found an increased number of tunnels used for smuggling commercial goods. He noted that three main tunnels collapsed in June. He said that EGIS Chief Soliman would discuss a Hamas-Israel prisoner exchange deal and a possible re-opening of the Kerem Shalom terminal with visiting Israeli Special Representative Ofer Dekel June 26. Nagy noted that Hamas wants the Rafah Crossing opened as a final element of a prisoner deal. He said the GOE does not see a short-term route to opening Rafah with the Palestinian Authority in control of the crossing. Nagy described positive cooperation with his Israeli counterparts. Acting MFA Palestinian Affairs Director Barakat El-Leithy told us June 24 that the border is quiet, and predicted continued non-threatening Hamas demonstrations on Fridays after prayers. He said that the GOE has not formulated a clear way forward on opening the Rafah Crossing. End summary.
- 12. (S) On June 25, LAWIO Chief MG Nagy described the Egypt-Gaza border as "calm," and said he believes Hamas will adhere to commitments it has made to the GOE to maintain stability on the border. Nagy noted the  ${\tt GOE}$  has discovered 22 tunnel openings in June alone, a significant up-tick that he attributed to the Israeli embargo on Gaza. (Note: Nagy told us in late May that the GOE had found 92 openings thus far in 2008 per ref A. End note.) He said the GOE has not found any weapons or explosives in the tunnels, and that the smugglers are focusing on commercial goods; laptops and medicine are some of the items the GOE has intercepted over the last month. Nagy noted that "once in a while" the GOE finds munitions in the Sinai from the Egyptian-Israeli wars. He confirmed June 25 press reports that on June 24 police found arms and ammunition from the previous wars near El-Hassana in Central Sinai, and that also on June 24 police discovered abandoned hashish near the Gaza border. MG Nagy said 3 main border tunnels under the Philadelphi Corridor had collapsed in June due to soft sand and hurried digging, in addition to 2 collapsed main tunnels between January and May. Smuggling via the sea continues with "floating boxes" dropped off the coast for currents to wash them ashore. Nagy said the GOE found rubber hoses that had washed up on the Egyptian coast, which he believed were destined for Gaza, perhaps to smuggle fuel.
- $\P 3.$  (S) Nagy noted that EGIS Chief Soliman would discuss a Hamas-Israel prisoner exchange with Israeli Special

Representative Ofer Dekel on June 26. Nagy outlined the substance of a possible prisoner deal where that Israel would release 350 prisoners, Hamas would hand over Gilad Shalit to Egypt, and then Israel would set free an additional 100 prisoners. Nagy said Hamas is trying to include a Rafah Crossing opening as the final element of a deal. He told us that Egypt opened the Rafah Crossing for Palestinian civilians earlier in the week, but complained that EGIS did not include LAWIO in the decision-making process. "We believe we should be involved," he stated.

- 14. (S) Nagy told us that Hamas will not agree to Palestinian Authority (PA) control over the Rafah Crossing supervised by European Union monitors, and that the GOE doubts Israel will agree to an Arab peacekeeping force administering the crossing. Nagy assessed that Hamas had repositioned the old Israeli barriers from the Philadelphi corridor around the Palestinian Rafah terminal in order to prepare for an opening of the Rafah Crossing. He said that Soliman and Dekel will discuss opening the Kerem Shalom Crossing for cargo and people. Nagy indicated his belief that the population of Gaza would respond positively to opening Kerem Shalom. (Comment: Nagy appeared unusually well briefed on EGIS deliberations and policy goals, despite his exclusion from the EGIS decision earlier this week to open the Rafah Crossing, as noted above. End comment.)
- 5 (S) Nagy described positive cooperation with his Israeli counterparts, saying that he looks forward to a July 6 experts meeting that Defense Ministers Tantawi and Barak had agreed on in May in Sharm El-Shaikh. He said that in addition to military and intelligence representatives from

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both countries, the meeting will also include Egyptian and Israeli police who will discuss the problem of preventing African migrants from crossing the Egyptian border into Israel. Nagy praised the GOI for alerting him recently that a Palestinian had been trying to scale the Egyptian stone and concrete border wall.

- 16. (C) Acting MFA Palestinian Affairs Director Barakat El-Leithy told us June 24 that there was a Hamas demonstration on the Gaza side of the Rafah terminal June 20 after Friday prayers, and he predicted that different Palestinian factions would try to stir up demonstrators by complaining that the Israeli humanitarian shipments are not sufficient and by trying to exploit Israeli actions such as the June 23 assassinations in the West Bank. He assessed that these demonstrations would not affect stability on the border. El-Leithy noted that Hamas had sent the GOE a message after border tensions increased in April (refs B and C) that Hamas demonstrations would not pose a serious threat to stability on the border.
- 17. (C) He said that since the "calming" took effect June 19, the GOE has not reviewed its policy for trying to re-open the Rafah Crossing. "Honestly, nothing has been formulated," he said, beyond the general plan of addressing the Rafah Crossing after the completion of a prisoner exchange for Shalit. El-Leithy said that in late May there were discussions between Egypt and the Palestinians on installing PA customs officials at the Rafah Crossing, but the talks broke down when it became apparent that Hamas would be able to prevent these officials from taking up positions at the crossing. El-Leithy said that Egypt's goal is to return to the pre-June 2007 situation on the border. He noted that Egypt had opened the Rafah Crossing over the previous four days to allow injured Palestinian civilians and students to cross between Gaza and Egypt and vice-versa, in coordination with Israel.

SCOBEY